

Message Text

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PAGE 01 HALIFA 00328 191953Z

ACTION EB-07

INFO OCT-01 EUR-12 ISO-00 FEA-01 ERDA-07 AID-05 CEA-01

CIAE-00 COME-00 EPG-02 DODE-00 FPC-01 H-02 INR-07

INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-15

OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-10 /118 W

-----119012 192000Z /63

P 191900Z JUL 77

FM AMCONSUL HALIFAX

TO SECSTATE WASHDC PRIORITY 1725

INFO AMEMBASSY OTTAWA

UNCLAS HALIFAX 0328

EO 11652: NA

TAGS: ENRG CA US

SUBJECT: LORNETERM LNG QUITTS TENNECO PIPELINE CONSORTIUM

REF: HALIFAX 0249

1. LORNETERM LNG LTD ANNOUNCED LAST WEEK THAT IT WAS WITHDRAWING FROM THE PROPOSED SCHEME, HEADED BY TENNECO LNG LTD, TO BRING LNG FROM ALGERIA, REGASIFY IT AT LORNEVILLE, NEAR ST JOHN, NB, AND PIPE IT VIA A PIPELINE TO BE CONSTRUCTED TO THE TENNECO PIPELINE SYSTEM IN THE US. DETAILED REASONS FOR LORNETERM S BREAKING OFF NEGOTIATIONS WITH TENNECO WERE NOT GIVEN BUT IT IS RUMORED THAT THERE WERE DIFFICULTIES ENCOUNTERED IN THE FINANCING OF LORNETERM S PORTION OF THE PROJECT. 8IT WAS ESTIMATED LAST MONTH THAT THE COST OF THE TERMINAL FACILITIES LORNETERM WAS TO HAVE BUILT AT THE LORNEVILLE SITE HAD RISEN IN COST FROM DOLS 530 MILLION ADJUSTED FOR INFLATION, TO DOLS 650 MILLION.

2. TENNECO HAS ANNOUNCED IT IS LOOKING FOR A NEW PARTNER TO CONTINUE WITH THE PROJECT OF BUILDING THE REGASIFICATION TERMINAL IN NEW BRUNSWICK. 5ZHW LORNEVILLE SITE, IT IS BELIEVED, IS THE PROPERTY UNCLASSIFIED

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OF THE PROVINCIAL GOVERNMENT AND WOULD STILL BE AVAILABLE DESPITE LORNETERM S DEFECTION. THIS, HOWEVER, IS NOT THE REPORTED TO BE THE UNDERSTANDING OF NOVA SCOTIA S MINISTER OF DEVELOPMENT, A.M. (SANDY) CAMERON. CAMERON IS SAID TO BELIEVE THAT THE LORNEVILLE SITE IS NOW RULED OUT, AND HE IS ANXIOUS TO DO WHAT HE CAN TO INDUCE TENNECO TO GIVE CONSIDERATION TO BUILDING

THE REGASIFICATION TERMINAL AT THE CANSO STRAIT IN NOVA SCOTIA. TENNECO WAS UNINTERESTED IN THIS PROPOSAL WHEN IT WAS MADE EARLIER AND A SOURCE WITHIN THE N.S. DEPT OF DEVELOPMENT HAS TOLD REPORTING OFFICER THAT HE WILL BE VERY SURPRISED IF LORNETERMS WITHDRAWAL HAS MADE THE CANSO PROPOSAL ANY MORE ATTRACTIVE.

3. REPORT IN HALIFAX "MAIL-STAR" (7/19/77), MEANWHILE, STATES THAT U.S. FEDERAL POWER COMMISSION OFFICIAL IN WASHINGTON HAS INDICATED THERE IS AT LEAST POSSIBILITY THAT FPC WILL RECOMMEND IN SEPT THAT REGASIFICATION TERMINAL BE BUILT EITHER AT PRUDENCE ISLAND, RI, OR ON DEARS ISLAND, OFF SEARSPORT, ME.

4. COMMENT: THE WITHDRAWAL OF LORNETERMS, FOLLOWING HOT ON THE HEELS OF THE WITHDRAWAL OF CANADIAN LOWELL GAS (REFTTEL), HAS MADE CANADIAN PARTICIPATION IN THE TENNECO LNG SCHEME DWINDLE MARKEDLY. TRANS-CANADA PIPELINES LTD REMAINS READY TO BUILD THE 66-MILE SEGMENT OF PIPELINE FROM LORNEVILLE TO THE MAINE BORDER BUT TENNECO MUST BE CONCERNED AT THIS POINT ABOUT LINING UP SUBSTANTIAL ADDITIONAL CANADIAN EQUITY PARTICIPATION SO THAT PROJECT WILL BE MORE ATTRACTIVE TO NEB AND FIRA. FPC, OF COURSE, MAY HAVE THE LAST WORD AND INSIST ON A US TERMINAL SITE. IF TENNECO THEN FORCED TO GO BACK TO DRAWING BOARD WITH NEW FEASIBILITY STUDIES, NEW DEADLINES

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WITH ALGERIAN PARTNER MAY HAVE TO BE NEGOTIATED. END COMMENT.

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: LPG, PRESS COMMENTS, PIPELINES, CONSORTIUMS
Control Number: n/a
Copy: SINGLE
Sent Date: 19-Jul-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Document Source: CORE
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Litigation Code IDs:
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Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: 60709a67-c288-dd11-92da-001cc4696bcc
Office: ACTION EB
Original Classification: UNCLASSIFIED
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: n/a
Previous Handling Restrictions: n/a
Reference: 77 HALIFAX 249
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 28-Jan-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1821691
Secure: OPEN
Status: NATIVE
Subject: LORNETERM LNG QUILTS TENNECO PIPELINE CONSORTIUM
TAGS: ENRG, CA, US, LORNETERM LNG LTD, TENNECO LNG LTD
To: STATE
Type: TE
vdkgvwkey: odhc://SAS/SAS.dbo.SAS_Docs/60709a67-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009